

California Energy Action Plan

Joint Agency Energy Action Plan Meeting

Goal II – *Accelerate* the State's Goal for Renewable Resources

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California Energy Commission

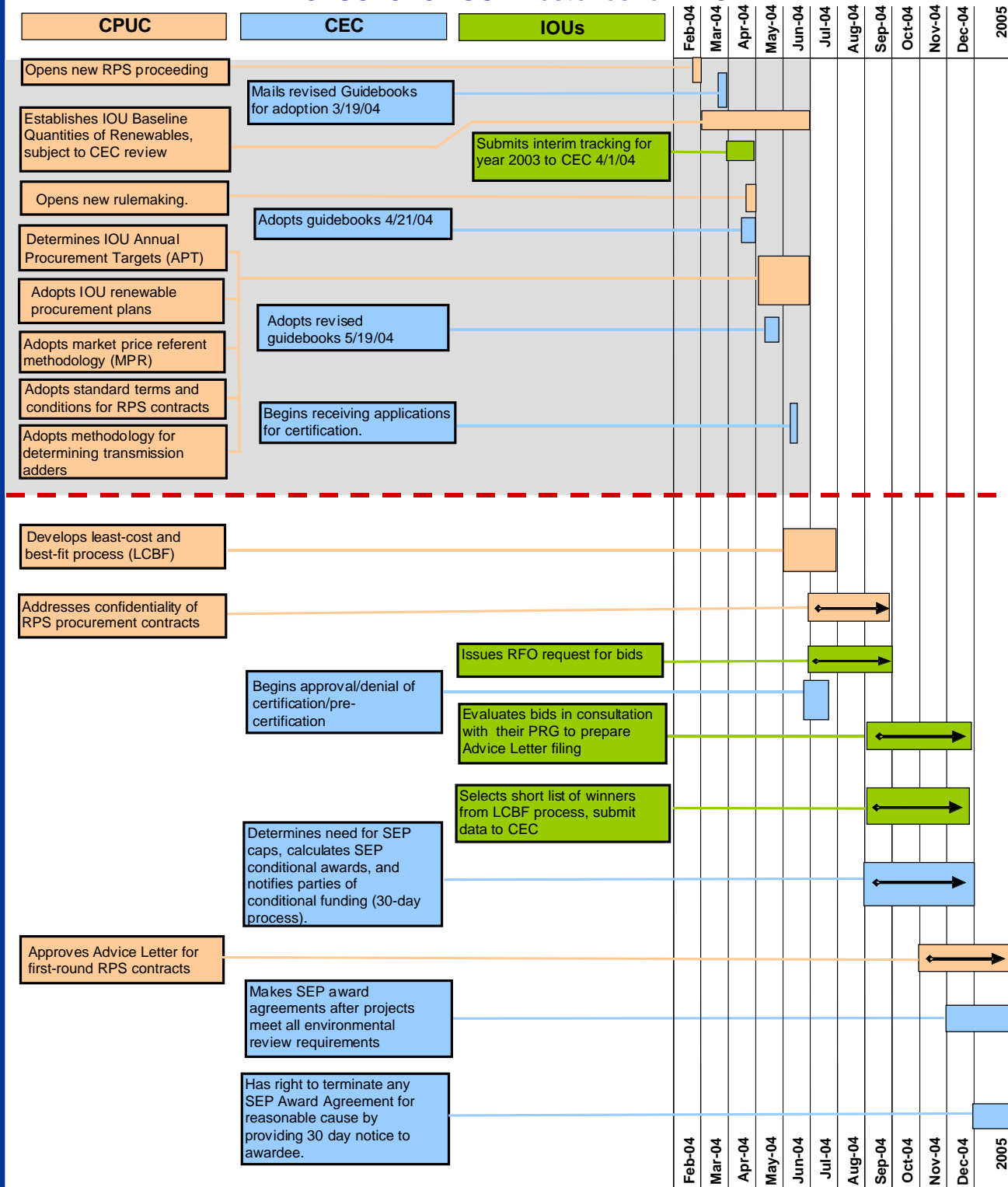
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California Public Utilities
Commission

June 24, 2004

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Draft RPS Timeline (Dates Subject to Change) CPUC–CEC–IOUs Milestones for RPS



Renewables Portfolio Standard

The Energy Commission adopted guidebooks in April '04 and revised them in May '04

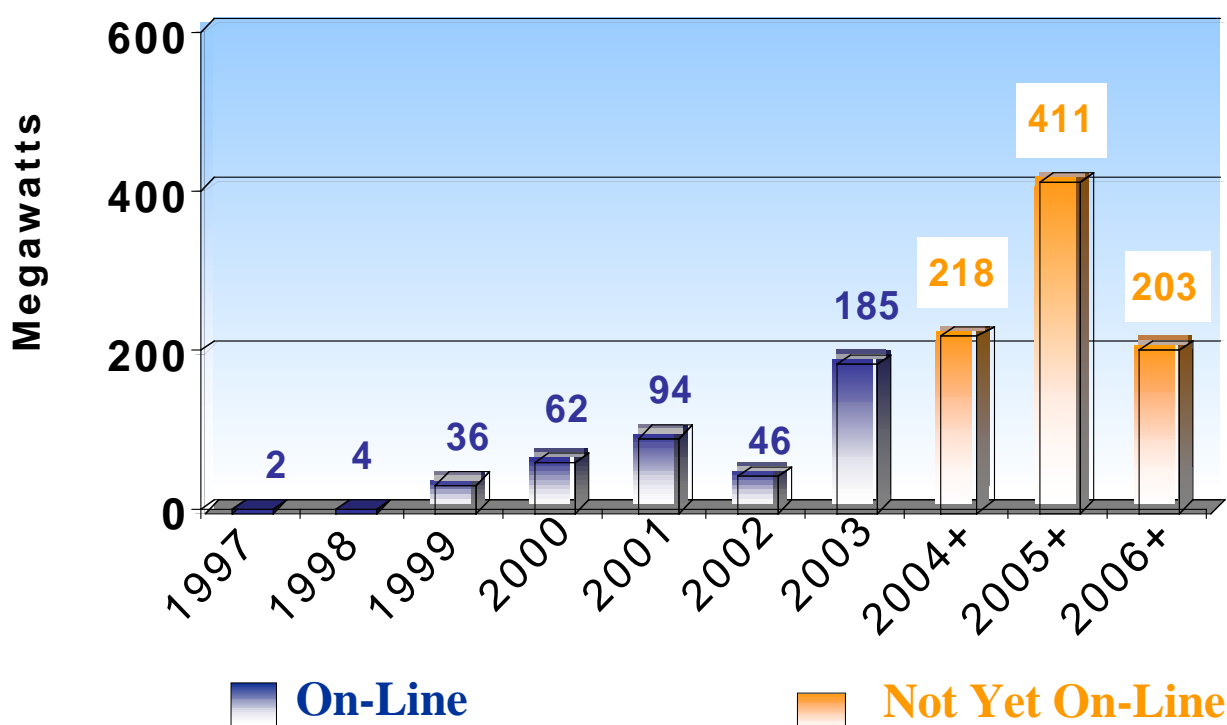
- *Renewables Portfolio Standard Eligibility Guidebook*
 - Describes RPS eligibility requirements.
 - Outlines process for certifying renewable resources as eligible for the RPS.
 - Describes interim tracking system to track and verify compliance with RPS until WREGIS is operational.
- *New Renewable Facilities Program Guidebook*
 - Describes process to qualify for and receive SEPs for above-market costs of RPS procurement.
 - Facilities must be RPS-eligible and either commence operation or re-power on or after 1/1/02.
 - Applicants compete for SEP funding by participating in RPS solicitations by IOUs.
 - Only applicants that are awarded CPUC-approved power purchase contracts and bid above MPR may receive SEPs.
- *Overall Guidebook for the Renewable Energy Program*
 - Updated to reflect RPS implementation.
 - To qualify for funding or RPS certification, applicants must satisfy requirements in *Overall Guidebook* and applicable program *Guidebook*.

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New Renewables from the Renewable Energy Program

- New renewable projects online total 429 MW of capacity.
- More than half (63%) of the participating new renewable projects are on-line.

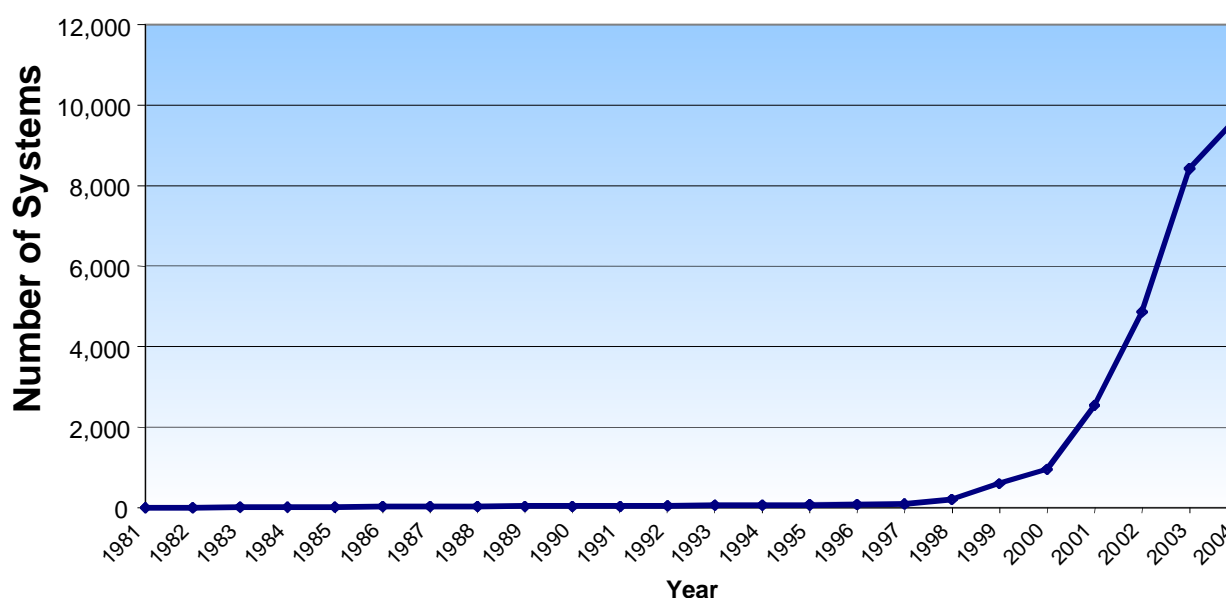
On-Line Timeline by Capacity



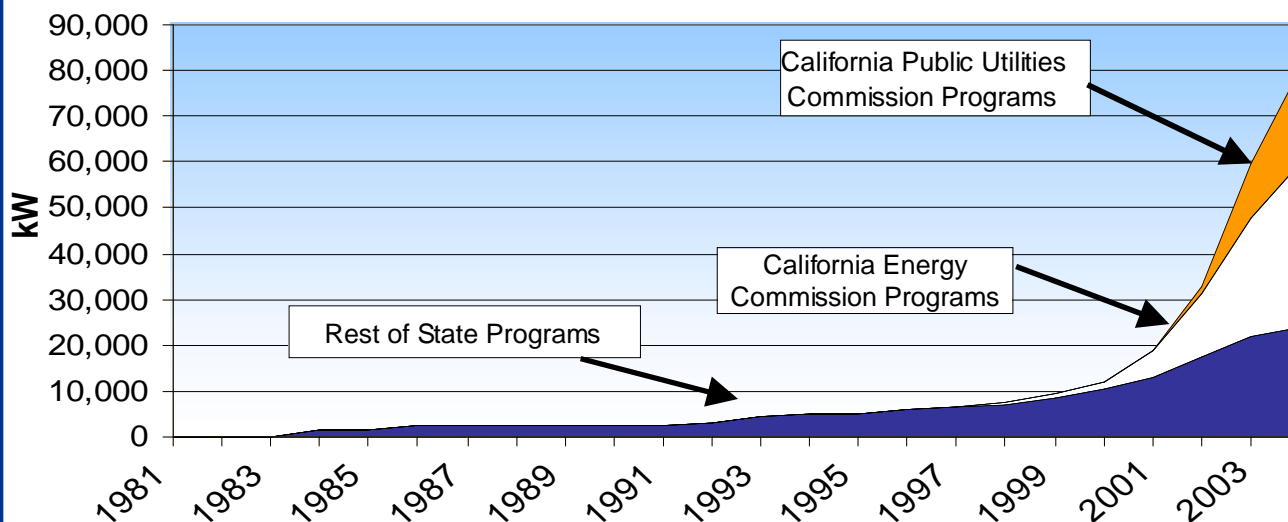
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Emerging Renewables from the Renewable Energy Program

Number of PV Systems Installed In California (Cumulative)



Grid-Connected PV Capacity Installed in California Cumulative



Renewables Procurement

- On June 9th the CPUC adopted four Decisions that advance the goal of accelerated RPS procurement:
 - Set the Standard Contract Terms and Conditions for RPS procurement (D.04-06-014)
 - Established the Market Price Referent (MPR) methodology for use in evaluating RPS bids (D.04-06-015)
 - Adopted a methodology for calculating transmission costs associated with new renewable development (D.04-06-013)
 - Established a process for planning and building the first phase of Tehachapi transmission upgrades (D.04-06-010)

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Renewables Procurement (cont.)

- The Standard Contract Terms Decision also set the procurement targets for the IOUs, stating that:

“The Commission retains the authority to increase this amount above 1% to meet state goals for renewable generation.”

- The Commission has formally committed to reaching the 2010 goal:

“The Joint Agency Energy Action Plan calls for attainment of the 20% RPS goal by 2010...we are committed to achieving this objective.” (OIR, R.04-04-026)

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Renewables Procurement (cont.)

- PG&E and SDG&E are currently preparing their first RPS Requests for Offers (RFOs) for issuance between July 1st and July 15th
 - Edison is exempt from this year's RPS solicitation, as it will achieve 20% renewable generation this year with existing resources, and is concluding negotiations on further renewable purchases.
- The CPUC is scheduled to vote on Least Cost/Best Fit issues July 8th
 - This decision will give guidance on how the utilities should evaluate and rank the RPS bids they receive.

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Renewables Procurement (cont.)

- The OIR establishes the 2003 baselines for the IOUs:

SDG&E	3.6%
SCE	17.7%
PG&E	11.5%

- The CPUC “intends to provide for detailed public disclosure of these baseline figures...when the immediate task of preparing for the first RPS solicitation is accomplished.”
- CPUC staff will begin scoping the next phase of RPS procurement in Q3 2004.

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WREGIS Timeline

May 2003 – Workshop: Received public support of a regional system ✓

August - Sept 2003 – Needs Assessment Survey ✓

October-November 2003 – Six stakeholder workshops on draft recommendations ✓

December 2003 – Released final Needs Assessment Report ✓

January 2004 – WREGIS Implementation Committee kickoff meeting ✓

April 2004 – Draft recommendations on Tier 1 issues released for comment and finalized ✓

June 2004 – Operational Rules Committee releases draft recommendations to the Working Group on Tier 2 issues

July 2004 – WECC Board scheduled to consider housing WREGIS

August 2004 – Feasibility Study Report expected to be completed

June-Dec 2005 – WREGIS system developed and operational

Energy Commission is working with Western Governors Association (WGA) on WREGIS to:

- Prevent double counting of renewable energy output
- Increase market liquidity
- Achieve economies of scale both in development and operation of the accounting system
- Allow California to meet the legislative requirements of SB 1078

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RPS Integration Cost Analysis Timeline

Phase I

- **Develop integration costs analysis methodologies**
 - *Capacity Credit*
 - *Load Following*
 - *Regulation*
- **Apply methodology to a one year analysis of existing renewable and non-renewable generation in California**

Phase II

- **Identify and evaluate generator attributes affecting integration costs (focus on wind and geothermal)**

Phase III

- **Finalize integration costs methodology for application in RPS bid ranking**

April 23, 2003

Report: Released proposed analysis methodology

April 29, 2003

Workshop: Presentation and discussion of proposed analysis methodology

September 12, 2003

Workshop: Presentation and discussion of methodology and findings of 2002 California analysis

**October 9, 2003 to
October 24, 2003**

Public review of draft report

December 10, 2003

Energy Commission adopts Phase I final report of results and recommendations

February 20, 2004

Workshop: Solicit input on Phase I Report results and findings

April 2004

Draft of wind & geothermal generator attribute studies completed

May 2004

Final review process for reports

June 30, 2004

Draft of integration cost methodologies focus on wind & geothermal expected

Outstanding RPS Issues

- Renewable Energy Credits (RECs)
- Distributed generation renewables
- Sufficient Public Goods Charge funds for Supplemental Energy Payments
- Adequate transmission system for renewables development
- RPS goals beyond 2010
- Learn from 1st RPS solicitation this summer
 - Integration Costs
 - Least Cost/Best Fit